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FM AMEMBASSY BISHKEK
TO RUEHC/SECSTATE WASHDC 2349
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
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RUEHBJ/AMEMBASSY BEIJING 3126
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/OSD WASHDC
RUEAIIA/CIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUEHGV/USMISSION GENEVA 1413
RUEHVEN/USMISSION USOSCE 3461
RUCNDT/USMISSION USUN NEW YORK 2847
RUEHNO/USMISSION USNATO BRUSSELS BE
RUEHBS/USEU BRUSSELS
RUEHLMC/MILLENNIUM CHALLENGE CORP
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL

UNCLAS SECTION 01 OF 02 BISHKEK 000638

SENSITIVE
SIPDIS

DEPT FOR SCA
DEPT PASS TO USTR (LILIENTFELD)
COMMERCE FOR ITA (STARKS)

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TAGS: [PREL](#) [BEXP](#) [BTIO](#) [ECON](#) [KG](#)
SUBJECT: KYRGYZ RAISE AFGHANISTAN IN TRADE-RELATED PROPOSALS

REF: BISHKEK 463

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11. (SBU) Summary: In feedback following a recent USTR visit, Kyrgyz Economic Development and Trade Deputy Minister Ukulov emphasized the need for concrete results and a joint action plan for the success of future U.S.-Central Asia Trade and Investment Framework Agreement meetings. Ukulov suggested establishing a bilateral council to promote business and investment, and he also signaled Kyrgyz plans to establish a working group to propose cooperation in Afghanistan's reconstruction and support Kyrgyz exports to Afghanistan. In a separate, but related, development, an advisor to President Bakiyev pitched a debt-for-assistance proposal to the DCM that would redirect interest payments on the Kyrgyz Republic's bilateral debt toward Kyrgyz assistance to Afghanistan. End Summary.

TIFA and More

12. (SBU) Following Deputy Assistant U.S. Trade Representative Claudio Lilienfeld's late April visit to Bishkek (reftel), Kyrgyz Deputy Minister of Economic Development and Trade (MEDT) Kurmanbek Ukulov sent the Embassy in mid-May feedback relating to the U.S.-Central Asia Trade and Investment Framework Agreement (TIFA) and potential Kyrgyz engagement in reconstruction activities in Afghanistan. After highlighting the importance the Kyrgyz Republic attaches to TIFA, Ukulov reiterated his concern, which he raised during his meeting with Lilienfeld, that no concrete results had been achieved from previous TIFA meetings, and suggested developing a joint action plan for adoption at the next TIFA meeting. Ukulov also proposed having business events alongside the regular TIFA meeting in order to promote business and investment opportunities.

13. (SBU) Turning to more bilateral concerns, Ukulov suggested creating a U.S.-Kyrgyz intergovernmental council that would focus on trade and economic cooperation. (Note: Kyrgyz officials have raised this issue previously, most recently at the March 2008 bilateral Comprehensive Policy Dialogue meeting in Bishkek. End Note.) He also informed the Embassy that the MEDT had initiated creating an interagency working group to develop U.S.-Kyrgyz cooperation as it relates to Afghanistan's reconstruction and the potential export of Kyrgyz goods to Afghanistan. Ukulov said that after the formation of the working group the Kyrgyz Republic would look to discuss these issues with the United States in greater detail. He also provided a list of Kyrgyz goods available for export. Embassy has since forwarded this list of goods to Defense Logistics Agency (DLA) personnel based in Germany.

Comment

14. (SBU) In recent years, the Kyrgyz have often sent the lowest-ranking delegation to TIFA meetings. Given the Kyrgyz government's intense focus on business, the Kyrgyz are unlikely to become more engaged on TIFA matters unless they determine that TIFA will generate some specific outcomes. We will also look for any movement on the proposed Kyrgyz working group on Afghanistan-related cooperation with the United States. In our review of the list of potential exports, we did not identify many good prospects -- but, we will let DLA evaluate the list for potential exports.

15. (SBU) In a separate, but related, development, President Bakiyev's Special Representative for Sustainable Development, Asylbek Aidaraliev, pitched a proposal to the DCM June 2 that

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would redirect most or all of the Kyrgyz Republic's \$80 million in annual interest payments on its bilateral debt in exchange for the export of Kyrgyz products to Afghanistan. The idea would be to use these funds to purchase construction materials and other items locally, and transport them to Afghanistan as humanitarian assistance to help reconstruction. As the Kyrgyz Republic has no bilateral debt to the United States, this novel idea would be of interest if sufficient goods exist that could be exported to Afghanistan.

16. (SBU) Aidaraliev claimed that Japan, which is one of the Kyrgyz Republic's main bilateral creditors, has already backed this concept, but wants the U.S. to express its support for the arrangement. He also claimed that, if he could get Japan's approval and start shipping goods to Afghanistan, that Germany and Russia, the Kyrgyz Republic's two other major creditors, would also agree to the arrangement. However, the Japanese Embassy, which was not immediately able to verify Aidaraliev's claim of Japanese support for the notion, is checking with the Japan International Cooperation Agency for any additional details about Japanese views of the proposal.

LITZENBERGER